

OTAY VALLEY ROAD REDEVELOPMENT PROJECT AREA

Five Year Implementation Plan for Years 2000 - 2004

INTRODUCTION

The five-year Implementation Plan for the Otay Valley Road Redevelopment is adopted to meet the requirements of Section 33490 of the Health and Safety Code. The plan is a flexible policy document and not a limitation on the Agency's activities in this project area over the coming five years.

BACKGROUND

The Otay Valley Road Redevelopment Project Area is an urbanized area located in the southeastern corner of the City and comprises 771+ acres. The Otay Landfill (County) occupies approximately 265 acres in the northerly section of the project area. Approximately 163 acres along the southerly boundary are classified as environmentally sensitive wetlands and earmarked for conservation and recreation. Public streets comprise 21 acres. The remaining 322 acres, or 43% of the project area, is zoned for light industrial development. At the time of approval of the redevelopment project, 70 percent of the developable acreage was vacant. Currently, 42 percent of the redevelopment project area represents potential for future economic development opportunities.

The redevelopment project area was formed in December 1983 in order to eliminate conditions of blight which were impacting industrial development in the area. In 1983 this area represented the largest resource of under-developed urbanized property in the City which could be used for industrial development, thereby improving the City's employment and economic base. Economic forecasts at the time of project adoption projected a five acres per year absorption rate. In actuality, over 80 acres have been developed over the past decade.

The Redevelopment Plan has a duration of 40 years (per AB 1290 and adopted Ordinance 2611), until the year 2023. Financial limitations have been established as follows: \$45 million in taxes which may be divided and allocated to the Agency, or if bonds are issued or reimbursement agreements are entered into with other public agencies and/or private entities, a cumulative total of \$115 million, plus any amounts required by reimbursement agreements with affected taxing agencies.

The implementation plan is intended to be a flexible policy document to guide Agency activities over the next five years (2000 through 2004), and is not intended to represent a limitation on Agency activities. The programs/projects included in the Implementation Plan are those priority programs anticipated to be implemented during the next five years, however, they are not all of the programs/projects necessary to eliminate blight in the project area.

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The Redevelopment Area boundaries are described on the attached map (Exhibit A).

BLIGHTING CONDITION

PRE-PLAN BLIGHTING CONDITIONS

The Redevelopment Plan adopted in 1983 identified the following blighting conditions in the Project Area:

- + Undeveloped, unproductive and underdeveloped properties throughout the Area.
- + Inadequate street and circulation systems to serve potential traffic demand.
- + Inadequate street lighting, lack of curbs and gutters, and poor public improvements and facilities.
- + The need for additional public and private utilities in order to accommodate the development of properties within the Project Area boundaries, including the need for additional flood control, water service, storm drains and sewer facilities, and for the development of fire protection and prevention facilities.
- + The lack of proper utilization of many properties within the Project Area boundaries resulting in development constraints on a number of these properties, thus producing a stagnant and unproductive condition of land which is otherwise potentially useful and valuable.

PROGRESS IN ELIMINATING BLIGHTING CONDITIONS

Since adoption of the Plan in 1983, the Agency has worked to eliminate certain of these conditions through the following efforts:

- + Installation of a 10" water line in Otay Valley Road.
- + Extension of natural gas and electric service along Maxwell Road
- + Developed plans, financing, and initiated construction for the widening and improvement of Otay Valley Road from I-805 to the Otay River Bridge crossing. This project includes the upgrading and undergrounding of electric and telephone utility lines, and improved water service. It also included the purchase and rehabilitation of fourteen acres of wetlands.
- + Completed Phase I, II, and III of the widening and improvement of Otay Valley Road. Otay Valley Road was widened to a six lane major arterial from I-805 to Nirvana Avenue. East of Nirvana, the roadway was improved to three lanes to the City's easterly boundary. In addition, the Otay River bridge crossing has been widened.

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- + Reviewed and approved plans, and prepared development agreements for 17 new industrial and 2 commercial projects which have been completed.
- + Approved a Development Agreement for the Chula Vista Auto Mall, Phase I, which now has four established dealerships.
- + Provided Industrial Development Bond financing for 2 industrial projects.
- + Eliminated all auto recycling land uses south of Energy Way. The remaining recyclers have sunseting Special Use Permits which enforce the improvement of landscaping and maintenance of properties used for auto recycling on Energy Way. The Special Use Permits sunset between the years 2004-2006. At that time, the Agency will review the land uses and may consider renewals, if appropriate.

CURRENT CONDITIONS

Despite the progress that has been made to date, certain blighting conditions remain which will impact future industrial and commercial development in the area. These conditions include:

- + Depreciated or stagnant property values or impaired investments, including, but not necessarily limited to, those properties containing hazardous wastes that require the use of agency authority as specified in Article 12.5 (commencing with Section 33459). Several large parcels remain impacted by hazardous soil and groundwater contamination.
- + Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those or other portions of the project area. An example of remaining blighting incompatibility is the City's Animal Shelter, which is currently located in the middle of a large vacant parcel and is restricting the integrated development of the site. The City will complete the relocation of this facility in 2000.
- + Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors. Traffic circulation inadequacies remain which are impacting development of major industrial/commercial sites.

SPECIFIC GOALS AND OBJECTIVES FOR THE PROJECT AREA

GOAL

The Agency proposes to use the process of redevelopment to eliminate and mitigate the many aspects of existing visual, economic, physical, social, and environmental blight within the Project Area.

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Within this broad goal, and as an indicator in the evaluation and determination of project priorities, the following specific redevelopment objectives are established by the Agency.

OBJECTIVES

- + The elimination of existing blighted conditions, be they properties or structures, and the prevention of recurring blight in and about the Project Area.
- + The development of property within a coordinated land use pattern of commercial, industrial, recreational, and public facilities in the Project Area consistent with the goals, policies, objectives, standards, guidelines and requirements as set forth in the City's and County's adopted General Plan and Zoning Ordinance.
- + The development of public services and facilities including, but not limited to, recreational, maintenance, and operational services and facilities as are necessary and required for the development of the Project Area.
- + The elimination of environmental deficiencies including inadequate street improvements, inadequate utility systems, and inadequate public services; and its potential social, physical, and environmental characteristics of blight.
- + The development of a more efficient and effective circulation corridor system free from hazardous vehicular, pedestrian, and bicycle interfaces.
- + The implementation of techniques to mitigate blight characteristics resulting from exposure to highway and public right-of-way corridor activity and affecting adjacent properties within the Project Area.
- + Beautification activities to eliminate all forms of blight including, but not limited to, visual blight, in order to encourage community identity.
- + The encouragement, promotion, and assistance in the development and expansion of local commerce and needed commercial and industrial facilities, increasing local employment prosperity, and improving the economic climate within the Project Area, and the various other isolated vacant and/or underdeveloped properties within the Project Area.
- + The acquisition, assemblage, and/or disposition of sites of usable and marketable sizes and shapes for residential, open space, recreational and Project public facility development within the Project Area.
- + The creation of a more cohesive and unified community by strengthening the physical, social, and economic ties between residential, commercial, industrial, and recreational land uses within the community and the Project Area.

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- + The acquisition and disposition of property for the purpose of providing relocation housing, as may be required, to implement the objectives of this Plan.
- + To provide for affordable housing availability as required by County, Region, or State law and requirements, as necessary and desirable, consistent with the goals and objectives of the community.
- + To encourage the coordination, cooperation, and assistance of other local agencies, as may be deemed necessary, to ensure that projects undertaken by this Agency are implemented to their fullest and practical extent.
- + The achievement of a physical environment reflecting a high level of concern of architectural and urban design principals deemed important by the community.
- + To encourage community involvement and citizen participation in the adoption of policies, programs, and projects so as to ensure that the Redevelopment Plan is implemented in accordance with the objectives and goals of the General Plan.
- + To provide a procedural and financial mechanism by which the Agency can assist, complement, and coordinate public and private development, redevelopment, revitalization, and enhancement of the community.

PROGRAMS, PROJECTS AND EXPENDITURES PROPOSED FOR THE NEXT FIVE YEARS

REDEVELOPMENT EXPENDITURES

The preliminary list of Redevelopment programs and projects provided below represent a list of staff-identified actions that, if implemented, will have a direct positive effect on the elimination of blighting influences in the Project. Inasmuch as the proposed programs need to be evaluated during the course of annual budgetary approval actions, the proposed expenditures have not been fully determined, and in most instances, will be a function of available redevelopment funding. The annual budget approval process will be the framework within which staff-proposed programs will be evaluated and "compete" for funding approval by the Redevelopment Agency Board. Additional programs are needed to completely eliminate blight in the Project Area but the programs described in this section are proposed to be implemented over the next five years. The costs described are based upon anticipated tax increment cash flow over the next five years net of debt service and administrative costs.

REDEVELOPMENT PROGRAMS AND PROJECTS

- + **RESOLVE SOIL/WATER CONTAMINATION ISSUES**

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Several properties in the Redevelopment Area are impacted by contaminated groundwater and/or soils. The presence of contaminated water below certain parcels may not, in itself, present a health hazard or preclude development of parcels. However, to the extent such conditions, including the presence of contaminated soils, affect the financing of development on undeveloped parcels, contamination could hinder future development in the area. Agency staff continues to work with affected property owners, county and state regulatory agencies to develop plans and timetables for remediation of contamination problems using available legislative and funding resources.

In addition, staff is working to remove contaminated soils stockpiled on the southwest corner of the Auto Park. Removal will require coordination with county and state health officials and county landfill officials.

Estimated staff and consulting costs over the next five years is \$150,000.

+ EXPAND AUTO PARK

The Chula Vista Auto Park, comprising seventeen acres, was established in 1993. The first two dealerships opened in 1994. In order for this project to be economically viable, additional dealerships must be attracted to the area. The current auto park site can accommodate one additional dealership. However, expansion to the east on the adjacent 23 acres of vacant land can accommodate an additional four to six dealerships. The relocation of the City's Animal Shelter, which is located on a 3/4 acre parcel in the center of this property, will be complete by the end of 2000. Agency staff will continue to work with the property owners and their consultants and City staff in an effort to expand the Auto Park.

Total staff and consultant costs are estimated at \$125,000.

+ RESOLVE SITE SPECIFIC TRAFFIC CIRCULATION ISSUES IMPEDING DEVELOPMENT

Development of the twenty acre parcel located at the southeasterly corner of I-805 and Otay Valley Road requires the resolution of traffic circulation issues also impacting two adjacent developed properties, and requires coordinated signalized access to Otay Valley Road. This will require Agency staff coordination and traffic consultant services as well as the installation of traffic signalization. Agency staff and consulting services are estimated to cost \$100,000.

Traffic signalization is estimated to cost \$200,000.

+ PROVIDE SUPPORT FOR THE OTAY REGIONAL PARK

The proposed Otay Regional Park will provide active and passive recreational opportunities in conjunction with preservation of natural habitat in the Otay River Valley, a section of which forms the southerly boundary of the project area. Agency

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staff is participating in this multi-jurisdictional planning effort. Development of the Auto Park infrastructure has provided access to the river valley and public parking. Future efforts will entail the development of park improvements at the southerly end of Brandywine Avenue to serve as a trailhead.

Total cost of park development is estimated at \$240,000.

+ PROVIDE SUPPORT FOR THE ESTABLISHMENT OF THE CITY OF CHULA VISTA'S NEW CORPORATION FACILITY

The City of Chula Vista purchased SDG&E's Corporation facility on Maxwell Road in March 1999. The Agency is working with City staff to address their facility needs. It is expected that the new facility will be occupied in 2000. The existing Corporation Yard located on Woodlawn in the Town Centre II Redevelopment area will be made available for redevelopment.

Agency staff cost is estimated to be \$25,000.

+ FACILITATE THE REDEVELOPMENT OF THE DARLING DELAWARE PROPERTY

The Darling Delaware property represents one of the last large parcels of industrially zoned land in the City of Chula Vista. It has remained vacant due to environmental problems on the property. The Agency is working with Darling International, and others to address the environmental concerns and develop the property.

Agency staff cost is estimated to be \$40,000.

+ REVIEW THE CONTINUED OPERATION OF AUTO RECYCLERS LOCATED ON ENERGY WAY

The Auto Recyclers operating on Energy Way all have Special Use Permits which expire between the years of 2004 and 2006. The Agency will be evaluating the potential for alternative uses for these properties, in addition to considering any extensions of Special Use Permits.

Agency staff and consultant costs are estimated to be \$60,000.

How GOALS, OBJECTIVES, PROGRAMS AND EXPENDITURES WILL ELIMINATE BLIGHT

The impact that goals, objectives, programs and expenditures will have towards the alleviation of blighting influences as cited in the Redevelopment Plan is described below. The impact of programs is also summarized on the attached matrix (Table 1).

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PROJECT GOALS AND OBJECTIVES

The goals and objectives, were specifically developed to alleviate conditions of physical and economic blight which impede development in the project area.

The goal established for the project area (in the Redevelopment Plan) specifically references the use of the redevelopment process to eliminate and mitigate all aspects of blight.

The objectives specifically address blighting conditions impeding the development of properties in the project area including inadequate traffic circulation systems, lack of public facilities, inadequate utilities and services, and the need to eliminate visual blight due to incompatible uses. The objectives also address issues concerning the proper utilization of properties in this project area including issues caused by the proximity to I-805. The objectives are the coordinated interface between commercial, industrial, industrial and recreation land uses, and acquisition and assemblage of property for public purposes.

PROGRAMS

Resolution of Soil/Water Contamination Issues

The program and expenditures to resolve soil and groundwater contamination issues address the condition of undeveloped, underdeveloped and unproductive properties in the project area. The program will address specific problems affecting two major properties in the project area

Expansion of the Auto Park

The program to expand the Auto Park addresses the conditions of inadequate public improvements, public facilities, visual blight characterized by, among other things, an abundance of outdoor storage, and open yard/compound uses, junk yards and other marginal type businesses.

Resolution of Traffic Circulation Issues

Resolution of site specific circulation issues addresses inadequate traffic circulation and the need for infrastructure improvements. Since development of several major properties are currently restricted by inadequate access to Otay Valley Road and I-805, resolution of circulation issues will also address lack of development and proper utilization of properties in the project area.

Support of the Otay Regional Park

Development of the Otay Valley Regional Park will address issues related to the under-utilization and unproductive use of properties and valuable resources in the

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project area. Through conservation efforts, it will also address conditions related to improved flood control in the Otay River Valley.

Support Establishment of City of Chula Vista Corporation Facility

Siting the Chula Vista Corporation Yard Facility at the previous SDG&E facility supports the objective of acquiring properties for the development of public facilities. The property had been developed as a single purpose facility by SDG&E and had been unoccupied for several years. . The City will be improving the property and maintaining it consistent with the goals of the redevelopment area.

Facilitate the Redevelopment of the Darling Delaware Property

Redeveloping the Darling Delaware property will remove a blighted, environmentally contaminated property from the project area. It will facilitate the creation of new commercial and industrial facilities and jobs. The development will be required to be consistent with the architectural and urban design principals important to the Otay Valley Road corridor.

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Review the Continued Operation of the Auto Recyclers

It is recognized that auto recycling is a necessary and beneficial land use. However, the Agency will be reviewing the ongoing operation of these facilities in the coming years to determine if a portion or all of the properties in this area can be redeveloped to a higher and better use more consistent with the goals of the project area.

EXPLANATION OF HOW THE GOALS, OBJECTIVES, PROJECTS AND EXPENDITURES WILL IMPLEMENT PROJECT HOUSING REQUIREMENTS

GOALS AND OBJECTIVES

California's Community Redevelopment Law requires that not less than 20% of all tax increment generated by the Project shall be used for the purpose of increasing or improving the community's supply of very low, low, and moderate income housing. The law requires that at least 15% of all new or rehabilitated dwelling units developed with housing assistance by entities other than the Agency in a Redevelopment Project Area be affordable to low and moderate income households, of which 40% must be for, and occupied by, very low income households. Additionally, affordable dwelling units shall remain affordable for the longest feasible time (usually 55 years) but no less than the period of land use controls established in the Project plan (40 years as amended pursuant to AB 1290).

PROJECTS AND EXPENDITURES TO BE MADE DURING THE NEXT FIVE YEARS

- + Annual housing production goals have been established Citywide. See the Citywide Housing Goals section.
- + Estimated number of low/moderate income housing units to be destroyed in Years 1-5:

Two - There are currently two low/moderate income rental housing units within the Project Area. These are located on a 23 acre site which is planned for redevelopment by the owner. However, at this time the Agency has no plans to participate in redevelopment of the subject site.

- + Replacement Housing Site:

The Redevelopment Project Area includes two moderate income rental housing units which will eventually be displaced by development of the site. All of the developable land within the project area is zoned for light industrial development. Consequently, there are no housing units contemplated for development within the project area. There are no areas suitable for housing development. If the housing is displaced as a result of Agency activity,

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replacement housing will be provided as part of the Citywide low-moderate housing program. For a location of low/moderate housing development sites, see Housing Implementation Plan, attached.

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+ Low/Moderate Housing Fund Expenditure Program:

The Otay Valley Road Redevelopment Project redistributes 20% of the tax increments accruing from the Project Area to the Agency's Low/Moderate Income Housing Fund. Estimated deposits and expenditures are included in the Agency's Housing Plan, see Housing Implementation Plan, attached.

+ Housing Production Plan

See Housing Implementation Plan, attached.

+ Low/Moderate Income Housing Production Results

See Housing Implementation Plan, attached.

CONCLUSION

Adoption of the implementation plan shall not constitute an approval of any specific program, project or expenditure and does not change the need to obtain any required approval of a specific program, project or expenditure from the Agency or community. The projects described in the Implementation Plan are examples of undertakings which will meet the goals and objectives of the Redevelopment Project. Other projects which meet program requirements may also be pursued by the Agency.

This is the second Implementation Plan for the Otay Valley Road Redevelopment Project. This plan will be reviewed by the Agency at least once within the five year term of the Plan. The review including a noticed public hearing, will take place no earlier than two years and no later than three years after adoption of this Implementation Plan.

The Agency will hold a requisite public hearing and adopt a new Implementation Plan every five years from the date of adoption of the Initial Plan.

The Implementation Plan may be amended by the Agency at any time following a noticed public hearing.

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TABLE 1
SUMMARY OF REDEVELOPMENT PROGRAM INFLUENCE ON BLIGHT

The following chart indicates the blighting conditions identified in the Otay Valley Road Redevelopment Project Area that will be affected by the proposed Redevelopment Programs.

| OTAY VALLEY ROAD REDEVELOPMENT PROGRAMS | BLIGHT ALLEVIATION | | | | | | |
|---|--|---------------------------------------|----------------------|--------------------------------------|----------------------------------|-----------------------------------|--|
| | DEPRECIATED/ STAGNANT PROPERTY VALUES | SOIL/ GROUNDWATER CONTAMINATION | INCOMPATIBLE USES | INADEQUATE STREET IMPROVEMENTS | INADEQUATE PUBLIC SERVICES | UNDER- DEVELOPED PROPERTIES | NEED FOR AN ENHANCED PHYSICAL ENVIRONMENT |
| Resolve Soil/Water Contamination | ★ | ★ | | | | ★ | ★ |
| Expand Auto Park | ★ | ★ | | ★ | | ★ | ★ |
| Resolve Traffic Circulation Issues | ★ | | | ★ | | ★ | |
| Support Otay Regional Park | | | | | ★ | | ★ |
| Establish City's New Corporation Facility | | | | | ★ | ★ | |
| Facilitate Redevelopment of Darling Delaware Property | ★ | ★ | | | | ★ | ★ |
| Review Continued Operation of Auto Recyclers | | ★ | ★ | | | ★ | ★ |

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TABLE 2
PROJECT AREA PROFILE

| | | |
|------------------------------------|--|-----------|
| LAND AREA: | Approximately 771 acres (includes public rights-of-way, 750 acres net) | |
| BOUNDARY: | East of I-805 | |
| LAND USE: | Land Fill | 265 acres |
| | Wetland | 163 acres |
| | Public Streets | 21 acres |
| | Light Industrial | 322 acres |
| DATE ADOPTED: | December 1983 | |
| DATE OF AMENDMENTS: | 1 st Amendment | 11/08/94 |
| TERM LIMIT: | December 2023 | |
| TAX INCREMENT LIMIT: | \$115 million | |
| BONDED INDEBTEDNESS LIMIT: | \$45 million | |
| CURRENT TAX INCREMENT FLOW: | \$800,000 after Low-Mod Set-Aside* | |

*SOURCE: City of Chula Vista Estimate of Tax Increment Flow, FY 1999-2000